NEW YORK TIMES DATE 27 Feb 1973 PAGE

# Top Nixon Aide Sees No Loss of U.S. Jobs

By EDWIN L. DALE JR.
Special to The New York Times

WASHINGTON, Feb. 26—A top assistant to President Nixon offered Congress today a general defense of multinational corporations, saying they had not "exported jobs" and had been a major help to the nation's balance of payments.

Peter M. Flanigan, executive director of the Council on International Economic Policy and an assistant to the President, also said that while evidence was admittedly sketchy, it did show that United States-owned multinational corporations had not started the recent monetary crisis by moving funds from one country to another.

Mr. Flanigan was testifying for the first time in his capacity as director of the C.I.E.P. He was the opening witness in hearings on the activities of multinational corporations being conducted by a subcommittee of the Senate Finance Committee, headed by Senator Abraham Ribicoff, Democrat of Connecticut.

## No Tax Decision

Mr. Flanigan said "no Administration position has been reached" as yet on possible changes in the taxation of corporate income earned abroad. But in answer to questions he indicated a reluctance to accept any major changes that would place American companies at a disadvantage with their foreign-owned competitors, such as requiring them to pay taxes on foreign earnings when earned rather than, as now, when remitted to the United States.

On the major points of controversy regarding the multinational corporations, Mr. Flanigan cited figures and other evidence to support the following conclusions:

¶Employment of multinationals in the United States has

Continued on Page 58, Column 1

Continued From Page 47

actually grown faster than for corporations generally.

¶The outflow of capital for investment abroad "is only about 6 per cent of United States private domestic business investment."

¶The multinationals have steadily increased their exports from the United States as well as their foreign investments.

¶"United States import competition mostly comes not from United States multinational corporations but from foreign-owned companies," with only about 5 per cent of the foreign production of American-owned companies shipped back to the United States.

"In the few cases," such as consumer electronics, where the United States is in large part supplied by American foreign affiliates, "elimination of these plants would not result in increased United States output and employment, but in replacement of our output by foreign competitors."

¶"Notwithstanding much rhetoric to the contrary, the evidence indicates that businesses do not normally move abroad to take advantage of low-cost labor."

¶"The evidence appears conclusive that the multinational corporations exert a highly positive influence on our trade and payments balance."

¶It would be an "administrative nightmare" and largely "ineffective" to try to halt the transfer of technology to foreign countries.

## Labor's Position

In General, Mr. Flanigan said, "it is difficult to find much evidence that the multinational corporations, as a group, have damaged the United States economy or its workers." This is exactly opposite to the position of organized labor, repeated only last week by the executive council of the American Federation of Labor-Congress of Industrial Organizations.

Mr. Flanigan also said, "Experience indicates that balance-of-payments problems cannot be cured by reducing imports. Such attempts only invite retaliation against our exports, limit consumer choice and increase prices for every American."

Much of the questioning today centered on trade policy and the Administration trade legislation soon to be sent to Congress. Mr. Flanigan said the Administration's basic approach in forthcoming trade negotiations would be to use a combination of a "carrot" in the form of reduced United States trade barriers and a "stick" in the form of Presidential authority to impose import restraints if the United States does not get a reasonable bargain.

## Trade Objective

The objective, Mr. Flanigan said several times, is an "open and equitable" trading world. While he admitted that the United States had some non-tariff barriers to trade that were the subject of legitimate foreign criticism, he said "in our opinion we are far more sinned against than sinning." This view is generally rejected by the European Economic Community.

Mr. Flanigan said that in its trade legislation the Administration would "propose safeguards against the disruption of particular markets and production due to rapid changes in foreign trade." Under questioning he said this would mean import restraints, but he added that any restrictions would not be "permanent" but rather would be designed to give domestic industries time to "adjust" to import competition.

In opening the hearings, Senator Ribicoff referred to the large United States deficits in both trade and the over-all balance of payments and said:

"Those who maintain that the two devaluations of the dollar will take care of these serious imbalances and prevent new currency crises are whistling in the dark. If devaluations were good for a nation's economy, then those countries who have been devaluing their currencies regularly would have the strongest economies in the world by now."